

2014
ANNUAL
REPORT



 **Camden National Corporation**

SHAREHOLDERS

(Top Left)
Net Income and Diluted EPS Graph

CUSTOMERS

(Top Right)
Dr. Philip Goldthwait of Mainly Eyes
with Steve Thomas



COMMUNITIES

(Bottom Left)
Ellsworth, Main Street branch

STAKEHOLDERS

(Bottom Right)
Greg Dufour presenting the
Commitment to the Shareholder Award to
Pam Kenniston



DEAR FELLOW SHAREHOLDERS:

In 1875, six local business people established Camden National Bank in the backroom of Crockett's Five and Ten store on the same street corner in Camden where we remain headquartered today—140 years later. Our founders believed that a financial institution's role was to provide local citizens a secure and convenient place to bank, to reinvest in the community, and to encourage economic development and social well-being. As Charles C. Wood, Camden National Bank's president said in 1925, "We have been privileged to help build Camden and the welfare of Camden's businesses and individuals." Today, we serve many more communities, businesses and individuals, yet Mr. Wood's words still resonate in our Core Purpose 90 years later—*"We will enrich the lives of people, help businesses succeed and vitalize our communities."* In 2014, we fulfilled our Core Purpose for the benefit of our four constituencies—shareholders, customers, communities, and stakeholders.



Gregory A. Dufour, President and Chief Executive Officer
Karen W. Stanley, Chair, Board of Directors

Evolving and being open to change is crucial in today's financial services environment. While our founders may not have dreamt of serving customers and communities across the state of Maine, and now New Hampshire, our predecessors of just 20 years ago wouldn't have imagined accepting deposits by mobile phone! Some of our strategies are bold, such as reshaping our franchise through branch acquisitions and divestitures, while others are cultural, such as our recent announcement

of creating an executive level role to oversee the experiences we deliver our customers. We view these strategies as investments in our future as an organization and in being a vibrant economic entity in our communities. In this year's annual report, we will share how Camden National Corporation's strategic investments provide returns to each of our four constituencies.



A view from Main Street in Camden of Crockett's Five and Ten store. Circa early 1900's.

Camden National is proud to be a shareholder-owned company that is able to trace back the ownership over several generations of families and to have the roster of our board of directors be filled with the names of influential community and business leaders over the past 140 years. This is what makes us a true community bank.

In 2014, we began to see the return on several major investments we made over the past few years. Net income for 2014 of \$24.6 million was up \$1.8 million over 2013 resulting in earnings per share growth of 10%. This reflects the impact of realigning our branch franchise through strategic branch acquisitions and divestitures in recent years. It also includes the return on the investment we made in creating several new commercial and retail lending positions and filling these positions with talented, seasoned stakeholders to complement the strength of our existing lending teams.

Our loan portfolio totaled \$1.8 billion on December 31, 2014, a 12% increase from a year ago. We experienced superior growth in our commercial loan portfolio and solid growth, especially in the last half of 2014, from our

“In 1875, our initial deposit was \$10,000 and on December 31, 2014, our deposits totaled \$1.9 billion, a 7% increase since December 31, 2013.”

retail lending products. Loan growth like this can only be achieved by a strong credit culture, which starts at the point of discussion with loan customers and through our underwriting processes. Our lending teams work to provide solutions that are advantageous to both our customers and our organization. Over the last 18 months, we strengthened our credit analysis talent through key team additions, while enhancing our residential mortgage underwriting and processing capabilities.

In 1875, our initial deposit was \$10,000 and on December 31, 2014, our deposits totaled \$1.9 billion, a 7% increase since December 31, 2013. Non-interest bearing demand deposits, or checking accounts, which are our lowest cost source of funds, were \$263.0 million on December 31, 2014, an increase of 9% from a year earlier. This reflects the benefits of our franchise realignment, enhancements to corporate deposit service products and improved sales training.

In December 2014, we announced an 11% dividend increase for shareholders, bringing our annualized dividend to \$1.20 per common share. We also named Catherine Longley, Senior Vice President of Finance and Administration & Treasurer at Bowdoin College, to our Board of Directors in April 2014, and Lawrence Sterrs, Chair of the Unity Foundation, to our Board in January 2015.

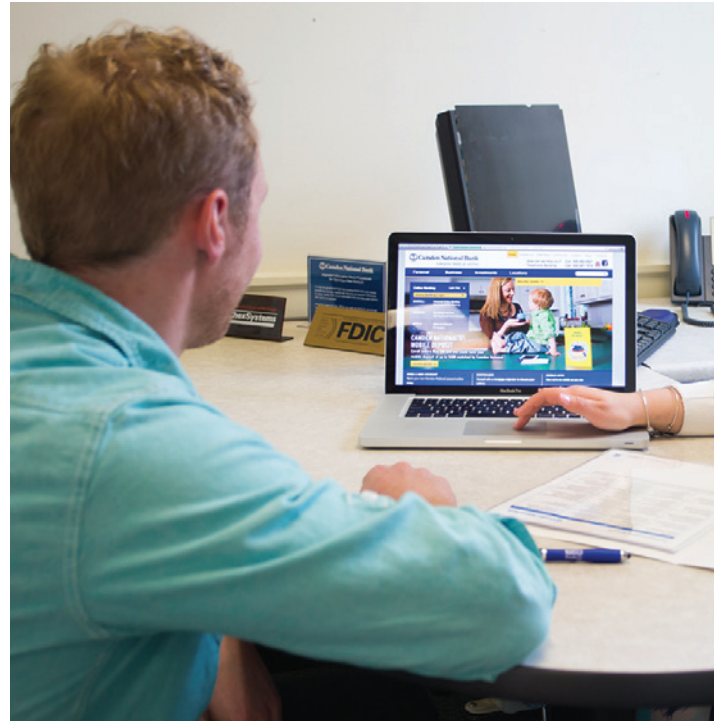
Our customers continue to change the way they bank, and Camden National remains committed to being a leader in banking technology by providing our customers with a secure and convenient way to conduct financial transactions on their schedule. In 2014, we introduced over 10 enhancements to our online and mobile banking platforms. These ranged from mobile deposit and text banking to enhancing technology to ensure that our customers always have access to a secure and convenient way to bank.

“In 2014, we introduced over 10 enhancements to our online and mobile banking platforms.”

In 2014, several leading retailers were subject to cyber-attacks and we took swift action when faced with situations where our customers’ information had been compromised by breaches at these organizations. We take protecting our customers’ information seriously.

Reflecting our founders’ commitment to “helping businesses succeed,” Camden National Bank was recognized by the Finance Authority of Maine (FAME) as its “Financial Institution of the Year” for 2014. This is the fifth time in the past six years that our small business lending efforts were recognized by FAME. Championed by our Executive Vice President of Commercial Lending, Tim Nightingale, we helped create or retain 3,500 jobs in Maine, provided over \$100 million of capital to over 160 Maine businesses, and counseled numerous small business owners and entrepreneurs.

We continued to strengthen our investment product lines as well. Camden Financial Consultants added additional brokers, reflecting the growing demand for retail brokerage services in our branch network. Acadia Trust also strengthened its ranks with two individuals receiving the Certified Trust and Financial Advisors (CTFA) designation. This complements an already strong team that includes individuals who are chartered financial analysts, certified public accountants and three wealth management professionals who are also lawyers and trust officers.



A stakeholder explains the benefits of our Online Banking system to a local business customer.



A customer sits in the Orono branch’s “Camden Landing” while checking her account using the Camden National Mobile App.



Cheryl Carrier
*Toddle Inn Child Care
and Private Elementary Schools*
Camden National Bank customer
and recipient of a 2014 FAME loan



“Reflecting our founders’ commitment to ‘helping businesses succeed,’ Camden National Bank was recognized by the Finance Authority of Maine (FAME) as its ‘Financial Institution of the Year’ for 2014. This is the fifth time in the past six years that our small business lending efforts were recognized by FAME.”

As the FAME Bank of the year for the past 5 out of 6 years, we have worked with Mainers to create jobs and help local businesses succeed.

Camden National Bank lenders have helped:

- **Create over 3,500 jobs**
- **160 businesses make their dreams a reality**
- **To provide over \$100 million in financing to Maine-based businesses**



“We continued to strengthen our investment product lines as well. Camden Financial Consultants added additional brokers, reflecting the growing demand for brokerage and investment services in our branch network.”

Camden Financial Consultant, Charlie White, helps a customer over the phone.

Like many other community banks, we believe local charitable groups need the financial support from us and the community. However, what brings our philanthropic efforts to life at Camden National is the dedication of our employees. In 1991, Camden National employees established the “Community Spirit of Giving.” This program raises money through various fundraisers throughout the year to help those community members who are less fortunate. As our organization has grown, so has the involvement of our employees. We are proud to share with you that in 2014, the Community Spirit of Giving efforts raised funds to support 32 local food banks throughout Maine, and resulted in providing nearly 74,000 meals to members of our community who could not otherwise afford food.

Camden National employees serve the communities in many different ways outside of work—from participating in the local government and coaching youth sports to serving on the boards of many non-profit organizations. In 2014, our stakeholders donated over 11,000 hours of their own time to organizations, cities, and towns across the state. They are truly “vitalizing our communities.”

“In 2014, our stakeholders donated over 11,000 hours of their own time to organizations, cities, and towns across the state.”

In January 2015, Camden National Bank took on a significant leadership role in helping the homeless of Maine through the introduction of “Hope@Home - helping Maine’s homeless find a way home.” This program is our effort to support organizations that provide food, shelter, life skills and, most importantly, hope to more than 7,500 homeless individuals and families across Maine. In addition to leveraging our community-minded employees, we have committed to donating \$100 to a local homeless shelter when a person purchases a new home and finances their mortgage through Camden National Bank. We intend to use our leadership position to raise the awareness of homelessness and reduce its occurrence. We encourage you to visit HopeatHomeMaine.com to learn more about this program and the organizations that are dedicated to helping the homeless.



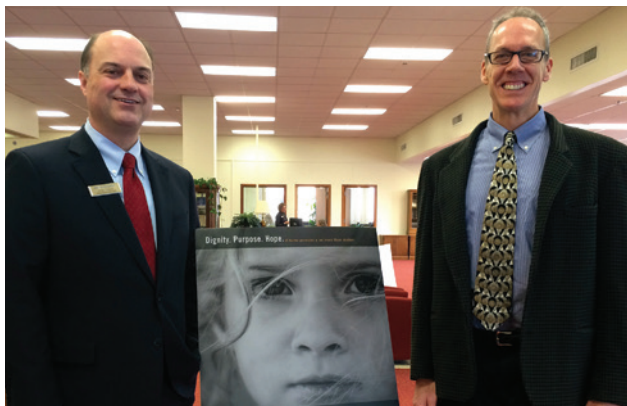
Stakeholders gather at the Hanley Center, in Rockport, Maine, to promote Community Spirit of Giving’s contributions to food pantries across Maine.



An image of a thriving downtown Camden featured in an ad for the Penobscot Bay Regional Chamber of Commerce’s annual publication, *The Jewel*, reflecting Camden National’s belief that communities are vital.



“In January 2015, Camden National Bank took on a significant leadership role in helping the homeless of Maine through the introduction of ‘Hope@Home—helping Maine’s homeless find a way home.’ This program is our effort to support organizations that provide food, shelter, life skills and, most importantly, hope to more than 7,500 homeless individuals and families across Maine.”



The Hope@Home initiative was officially launched at a press conference at Camden National’s Exchange Street branch in Bangor on January 22, 2015. Pictured at top: Greg Dufour, Camden National’s President and Chief Executive Officer, stands with Cullen Ryan, Executive Director of the Community Housing of Maine, next to a poster for the program. Pictured below: Greg Dufour presents a Hope@Home program funded check to New Hope for Women in Rockland, Maine.





1. Officer Award Winners:

Left to Right:
 Ryan Smith, *Officer of the Year*
 Jim Butler, *Bob Daigle Excellence in Innovation Award*
 Taylor Black, *Commitment to the Customer*
 Greg Dufour, *President and Chief Executive Officer*
 Pam Kenniston, *Commitment to the Shareholder*
 Devon Perry, *Commitment to the Core Values*
 Paul Gimlewicz, *Commitment to the Stakeholder*
 Not Pictured:
 Richard Rotella, *Commitment to the Community*

2. Officer of the Year, Ryan Smith

with his wife, Tanya, daughter, Hannah, and son, Drew

3. Horizons 200 Graduates:

Left to Right, Back Row:
 Libby Arrico, Carissa Christie, Greg Dufour, Candace Gray,
 Wendy Brooks, Jordan Betts, Mark Graham
 Left to Right, Front Row:
 Virginia Gleich, Tatiana Chipilova, Erin McAvoy, Jim Butler

4. Officer Promotions, Fall 2014:

Left to Right:
 Aline Taylor, Cynthia Bergin, Natalie Dame, Elizabeth
 Winslow, Penelope Johnson, David Ackley, Tena Wallace,
 Marcella Eldridge, Betsy Maguire, Jordan Betts,
 Christina Bendtson

The goal of Camden National is to provide development opportunities for all employees to help them become leaders, both at work and outside of work. Our view is that it is not the Company's place to dictate what a person's ambitions are, but to provide them opportunities to pursue their own goals. We ask that all employees, regardless of the role they may hold, view themselves as leaders. We consistently provide over 40 hours on average per stakeholder of training each year, which ranges from specific required skills in such areas as compliance and information security to formal courses such as Principles of Banking, and includes our regionally and nationally recognized leadership development program, Horizons. In 2014, 75 of our employees were promoted to new positions of responsibility.

In addition to creating future leaders, we also believe in providing access to affordable health care as well as preventative services. Our wellness programs, which include bi-annual on-site health check-ups as well as access to "Weight Watchers at Work" and a fitness reimbursement program, have a participation rate of 85%. The benefit of our investment in health and wellness programs translated to a one month insurance premium holiday in 2014 for all stakeholders as well as lower premiums in 2015.

Working with IBM Consulting, we conducted an extensive survey of our employees' engagement with the Company. We took on this effort in order to ensure we are creating an environment that encourages the best people to do the right things for those around them including our customers, our communities, our shareholders and each other. We believe the return on this investment will be in the form of a higher quality workplace that will attract and retain the best employees and provide superior experiences for our customers and returns to our shareholders.

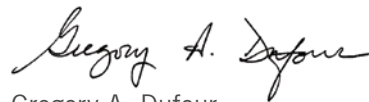
The composition of our employee base has certainly changed since six men founded Camden National Bank in 1875. Today, our Company Board includes four women and is chaired by Karen Stanley and our eight-member senior management committee is comprised of three men and five women. On January 1, 2015, Debbie Jordan was promoted to Executive Vice President, Chief Operating Officer and Chief Financial Officer of the Company and Camden National Bank. Leveraging her exceptional financial capabilities,

she will also oversee Human Resources, Credit, Project Management, Operations and Technology of the Company. This will allow our President and Chief Executive Officer, Greg Dufour, to focus his energies on customer relationships, strategic development, and working closely with the newly established position of Chief Customer Experience Officer. At the time of this writing, a national search is being conducted for this individual.

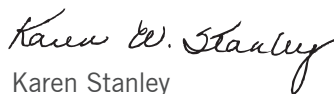
FUTURE

In many ways, the way we do business today would be unrecognizable to our founders. As we look to the future, we anticipate rapid changes driven by the behaviors of our customers and opportunities presented by technology. Regardless of the size of our franchise, whether a customer interacts with us in person or on their smartphone, or we process paper or digital images, the one thing our founders would recognize is our dedication to serving our customers, our communities, our shareholders and our stakeholders. This can only be possible through the support of today's owners, our shareholders. Your commitment to Camden National Corporation and its Core Purpose is deeply appreciated.

Sincerely,



Gregory A. Dufour
President and Chief Executive Officer



Karen Stanley
Chair, Board of Directors

SELECTED FINANCIAL DATA

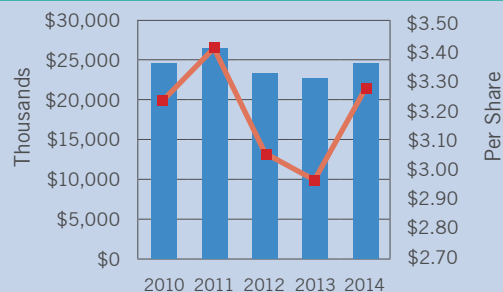
(Dollars in thousands, except per share data)

At or for the year ended December 31st

	2014	2013	2012	2011	2010
FINANCIAL CONDITION DATA					
Investments	\$803,633	\$828,201	\$802,084	\$611,998	\$611,643
Loans and loans held for sale	1,772,610	1,580,402	1,563,866	1,520,089	1,530,280
Allowance for loan losses	21,116	21,590	23,044	23,011	22,293
Total assets	2,789,853	2,603,829	2,564,757	2,302,720	2,306,007
Deposits	1,932,097	1,813,824	1,929,469	1,591,366	1,515,811
Borrowings	577,002	530,092	360,163	456,233	559,919
Shareholders' equity	245,109	231,096	233,815	218,876	205,995
OPERATING DATA					
Net interest income	\$76,293	\$75,475	\$73,745	\$75,219	\$74,290
Provision for credit losses	2,220	2,028	3,816	4,735	6,299
Non-interest income	24,334	27,801	23,412	23,053	20,825
Non-interest expenses	62,397	66,333	59,031	55,579	52,937
Net income	24,570	22,783	23,428	26,177	24,766
SELECTED FINANCIAL RATIOS					
Return on average assets	0.92%	0.88%	0.98%	1.13%	1.09%
Return on average equity	10.37%	9.74%	10.31%	12.16%	12.42%
Return on average tangible equity (non-GAAP)	13.46%	14.55%	13.19%	15.67%	16.40%
Tier I leverage capital ratio	9.26%	9.43%	8.94%	9.59%	8.77%
Total risk-based capital ratio	15.16%	16.45%	15.56%	15.95%	15.05%
Net interest margin	3.11%	3.20%	3.36%	3.57%	3.60%
Efficiency ratio (non-GAAP)	61.58%	62.78%	57.45%	54.63%	55.74%
Allowance for credit losses to total loans	1.19%	1.37%	1.48%	1.52%	1.46%
Net charge-offs to average loans	0.16%	0.22%	0.24%	0.26%	0.28%
Non-performing loans to total loans	1.19%	1.80%	1.78%	1.82%	1.47%
Non-performing assets to total assets	0.82%	1.18%	1.13%	1.27%	1.08%
PER SHARE DATA					
Basic earnings per share	\$3.29	\$2.98	\$3.06	\$3.41	\$3.23
Diluted earnings per share	3.28	2.97	3.05	3.40	3.23
Dividends declared per share	1.11	1.08	1.00	1.50	1.00
Book value per share	33.01	30.49	30.67	28.56	26.90
Tangible book value per share (non-GAAP)	26.52	23.98	23.68	22.66	20.91
Dividend payout ratio	33.73%	36.30%	32.73%	44.05%	30.95%

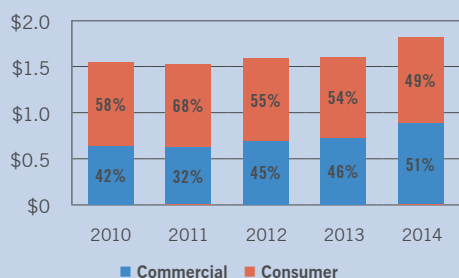
For a complete set of consolidated financial statements, refer to the Company's 2014 Annual Report on Form 10-K.

Net Income and Diluted EPS



Camden National reported net income for 2014 of \$24.6 million, an increase over 2013 of \$1.8 million. Diluted earnings per share increased 10% to \$3.28 per share and our return on average equity improved 63 basis points to 10.37% compared to 2013.

Total Loans (In Billions)

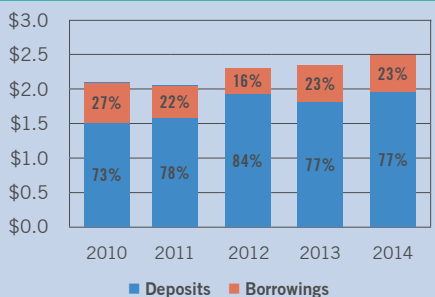


We ended the year with total assets of \$2.8 billion. Our solid financial performance in 2014 was largely attributable to our strong loan growth in 2014 of \$192.2 million, representing a 12% increase. Our loan growth, particularly within the commercial portfolio, is, in part, the return on the strategic investments made over recent years, including (i) the branch acquisitions, (ii) expanding our footprint across northern New England by opening a commercial loan office in Manchester, New Hampshire, and (iii) expanding our lending and administration teams through strategic hiring.

Other financial highlights for 2014 include:

- » Core deposits increased \$25.8 million to \$1.4 billion over 2013.
- » Net interest income on a fully-taxable basis increased \$1.2 million to \$77.5 million over 2013 largely attributable to the loan growth during 2014, partially offset by a decrease in the net interest margin to 3.11%.
- » Non-interest income decreased \$3.5 million to \$24.3 million compared to 2013 due to a one-time gain on the branch divestiture in 2013 and lower mortgage banking income.
- » Non-interest expenses decreased \$3.9 million to \$62.4 million compared to 2013 driven by a one-time impairment charge in 2013 and lower operating expenses due to the branch divestiture in 2013.
- » The provision for credit losses increased \$192,000 in 2014 over 2013. Our improving asset quality enabled us to minimize the provision increase in 2014.

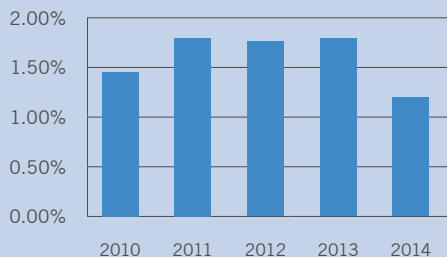
Funding Mix (In Billions)



In 2014, our asset quality metrics improved as Maine's economy steadily rebounded and as non-performing loans resolved. Our net loan charge-off ratio declined to 0.16% in 2014 from 0.22% in 2013 and our level of non-performing loans of 1.19% reached its lowest level since the third quarter of 2009.

As a result of strong performance in 2014, we increased our fourth quarter 2014 dividend \$0.03 to \$0.30 per share. We remain focused on balancing our capital needs and regulatory requirements while driving shareholder value.

Non-Performing Loans to Total Loans (as a percentage)



CORPORATE INFORMATION

BOARD OF DIRECTORS



Ann W. Bresnahan
Civic Leader



Gregory A. Dufour
President &
Chief Executive Officer,
Camden National Corporation



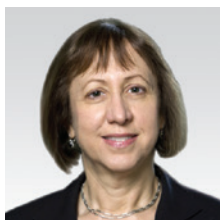
David C. Flanagan
President,
Viking Lumber, Inc.



Craig S. Gunderson
President &
Chief Executive Officer,
Oxford Networks



John W. Holmes
President,
Consumers Fuel Company



S. Catherine Longley
Senior Vice President
of Finance and Administration &
Treasurer, Bowdoin College



James H. Page, Ph.D.
Chancellor,
University of Maine System



John M. Rohman
Civic Leader
Retired Chief Executive Officer,
WBRC Architects & Engineers



Robin A. Sawyer, CPA
Vice President &
Corporate Controller,
WEX, Inc.



Karen W. Stanley
Chair,
Camden National Corporation,
Civic Leader
Retired Co-Owner, Stanley Subaru



Lawrence J. Sterrs
Chair,
The Unity Foundation

EXECUTIVE TEAM



Joanne T. Campbell
Executive Vice President &
Risk Management Officer



Gregory A. Dufour
President &
Chief Executive Officer



Peter F. Greene
Executive Vice President,
Operations &
Technology Officer



Deborah A. Jordan, CPA
Executive Vice President
Chief Operating Officer &
Chief Financial Officer



Timothy P. Nightingale
Executive Vice President &
Senior Lending Officer



June B. Parent
Executive Vice President &
Senior Retail Banking Officer

ANNUAL MEETING

The 2015 Annual Meeting of the Shareholders will be held April 28th at 3:00 pm at the Point Lookout Resort, The Summit, Lincolnville, Maine.

FORM 10-K AND OTHER REPORTS

Camden National Corporation will provide, upon written request and without charge, a copy of the Company's 2014 Annual Report and Form 10-K. You may contact our Corporate Clerk for information, or may view Company reports under Investor Relations at CamdenNational.com.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

Shareholders wishing to receive a prospectus for the Dividend and Stock Purchase Plan are invited to contact our Corporate Clerk or our transfer agent.

CORPORATE CLERK

Joanne Campbell
Camden National Corporation
P.O. Box 310
Camden, ME 04843-0310
(207) 230-2089 or IR@CamdenNational.com

TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11038
(800) 937-5449 or amstock.com

Camden National Corporation

Camden National Corporation is headquartered in Camden, Maine. Listed on the NASDAQ® Global Select Market under the symbol CAC, Camden National Corporation is the holding company employing more than 460 Maine residents for two financial services companies, including Camden National Bank and the wealth management company, Acadia Trust, N.A.

Camden National Bank

Headquartered in Camden, Maine, Camden National Bank is a full-service community bank with a network of 44 banking offices throughout Maine, plus a commercial lending office in Manchester, New Hampshire. The Bank also provides a system of ATM-only locations as well as online and mobile banking services. Located at Camden National Bank, Camden Financial Consultants offers full-service brokerage and insurance services. Learn more at CamdenNational.com.



Trustees and Investment Advisors

Acadia Trust, N.A., a direct, wholly-owned subsidiary of Camden National Corporation, provides comprehensive wealth management and trust services for individuals, families, and non-profit organizations throughout Maine and New England, with offices in Portland, Bangor and Ellsworth.



FAME BANK OF THE YEAR

Camden National Bank was recognized for its commitment to helping businesses secure the financing they need to grow and flourish. We were recognized by the Finance Authority of Maine as its Financial Institution of the Year for the fifth time in the past six years.

★ Acadia Trust, N.A.

⚓ Camden National Bank



⚓ Camden National Corporation

2 Elm Street, Camden, ME 04843



800-860-8821 | CamdenNational.com | Member FDIC

